

State of Idaho

Legislative Services Office

Individual Entity Audit Report

A communication to the Joint Finance-Appropriations Committee

IDAHO PUBLIC TELEVISION

FY 2011

Report OP52011
Date Issued: November 17, 2011

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

Idaho Legislative Services Office
Legislative Audits Division

IDAHO PUBLIC TELEVISION

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of Idaho Public Television (IdahoPTV) for the fiscal year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether IdahoPTV's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that IdahoPTV's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on IdahoPTV's financial statements.

FINDING AND RECOMMENDATION

There is one finding and recommendation in this report.

Finding 1 – An internal control weakness exists in the process for preparing financial statements.

The complete finding and recommendation is detailed on page 30.

A copy of this report is also available at www.legislature.idaho.gov.

AGENCY RESPONSE

Idaho Public Television has reviewed this report and is in general agreement with its contents.

PRIOR FINDINGS AND RECOMMENDATIONS

The prior report for fiscal year 2010 had one finding and recommendation.

Prior Finding 1 – Internal control weaknesses exist in the process of preparing financial statement notes.

The complete prior finding and recommendation is detailed on page 32.

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, IdahoPTV, and the State Board of Education, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the general manager, Peter Morrill, and his staff.

ASSIGNED STAFF

Chris Farnsworth, CPA, Managing Auditor

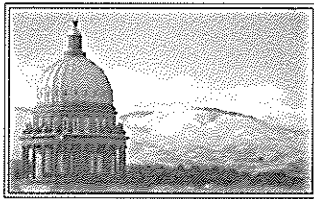
Kathleen Watkins, CPA, CFE, In-Charge Auditor

Kyle Wilmot, Staff Auditor

Greg Stalling, Staff Auditor

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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

November 17, 2011

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Peter Morrill, General Manager
Idaho Public Television
1455 North Orchard Street
Boise, ID 83720-0037

Richard Westerberg, President
Idaho State Board of Education
650 West State Street, Room 307
Boise, ID 83720

Dear Mr. Morrill and Mr. Westerberg:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund for Idaho Public Television (IdahoPTV) as of and for the year ended June 30, 2011, which collectively comprise IdahoPTV's basic financial statements as listed in the table of contents. These financial statements are the responsibility of IdahoPTV's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of IdahoPTV as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011, on our consideration of IdahoPTV's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

0 P H. Berg, Manager
Legislative Audits

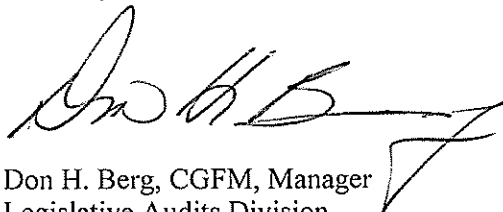
Glenn Harris, Manager
Information Technology

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The Management Discussion and Analysis on pages 3 through 6 and Budgetary Comparison Schedule and corresponding note on pages 21 and 22, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements as required by the Corporation for Public Broadcasting. The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of Idaho Public Television's (IdahoPTV) basic financial statements provides an overall review of financial activities for the fiscal year ending June 30, 2011. The analysis provides comparative information for the current fiscal year and the prior fiscal year. The financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP).

FINANCIAL HIGHLIGHTS

- In FY 2011, IdahoPTV was partially funded by a General Fund appropriation of \$1,390,500 for personnel and operating costs.
- In fiscal year 2011, IdahoPTV received a Community Service Grant from the Corporation for Public Broadcasting in the amount of \$1,038,351, along with \$20,014 to help defray some of the interconnection costs.
- The Friends of Idaho Public Television, Inc. made payments of \$4,881,315 to the IdahoPTV Miscellaneous Revenue Fund (0349) during fiscal year 2011, an increase of \$501,421 from fiscal year 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to IdahoPTV's basic comparative financial statements. IdahoPTV's comparative financial statements are comprised of three parts: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of IdahoPTV's finances in a manner similar to private sector businesses. These statements include a Statement of Net Assets and a Statement of Activities for IdahoPTV in total. *GASB 34* does not require comparative financial statements; however, IdahoPTV has put them in that format to enhance the quality of information for the users and to fulfill a requirement of the Corporation for Public Broadcasting.

The Statement of Net Assets presents information on assets and liabilities, with the difference reported as net assets. Analyzing increases or decreases in net assets is one way to measure IdahoPTV's overall financial position and may serve as an indicator of whether the financial position of IdahoPTV is improving or deteriorating.

The Statement of Activities shows how IdahoPTV's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Therefore, revenues and expenditures reported in these statements are on an accrual basis, which will result in cash flows for some of those items in future periods.

Fund Financial Statements. A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. IdahoPTV uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. IdahoPTV uses one fund type – governmental funds.

Governmental funds are used to account for essentially the same functions as reported in the governmental activities in the government-wide financial statements. However, the governmental fund statements present the different operations of IdahoPTV, and they provide a short-term view of financial resources that can be used in the near future. Governmental fund information does not report long-term commitments that are reported on the government-wide statements. Reconciliations between the governmental funds and the government-wide statements are included.

IdahoPTV maintains three individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is helpful when analyzing data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents budget comparisons for the General Fund and Miscellaneous Revenue Fund to demonstrate compliance with the fiscal year 2011 budget.

The budget is a cash basis budget; the fund financial statements are modified accrual. Reconciliation between the two is completed, and the differences consist mainly of accrued payroll and accounts payable.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve, over time, as a useful indicator to determine whether a government's financial position is improving or deteriorating. At June 30, 2011, IdahoPTV's assets exceeded liabilities by \$14,546,944, and 21.8% of net assets were unrestricted. Unrestricted assets may be used to meet IdahoPTV's ongoing obligations. The remaining assets are investments in capital assets (e.g., land, building, and equipment) and the Friends of Idaho Public Television, Inc.'s permanent trust.

IDAHO PUBLIC TELEVISION – NET ASSETS

| | 2010 | 2011 | Percentage Change |
|----------------------------|---------------------|---------------------|----------------------|
| Current and Other Assets | \$5,843,338 | \$6,865,465 | |
| Capital Assets | <u>9,320,015</u> | <u>8,473,789</u> | |
| Total Assets | <u>\$15,163,353</u> | <u>\$15,339,254</u> | 1.2% |
| Current Liabilities | \$464,490 | \$765,947 | |
| Non-Current Liabilities | <u>45,864</u> | <u>26,363</u> | |
| Total Liabilities | <u>\$510,354</u> | <u>\$792,310</u> | 55.3% |
| Net Assets: | | | |
| Invested in Capital Assets | \$9,320,015 | \$8,473,789 | |
| Restricted | 2,892,041 | 2,897,041 | |
| Unrestricted | <u>2,440,943</u> | <u>3,176,114</u> | |
| Total Net Assets | <u>\$14,652,999</u> | <u>\$14,546,944</u> | -0.7% |

Total net assets include \$6,328,084 in the Friends of Idaho Public Television, Inc. Net assets decreased 0.7% to \$14,546,944.

IDAHO PUBLIC TELEVISION – STATEMENT OF ACTIVITIES

| | 2010 | 2011 | Percentage Change |
|---|---------------------|---------------------|----------------------|
| REVENUES: | | | |
| Program Revenues: | | | |
| Charges for Services | \$137,190 | \$99,724 | |
| Capital Grants | 64,880 | 376,890 | |
| Operating Grants | <u>284,830</u> | <u>73,393</u> | |
| Total Program Revenues | \$486,900 | \$550,007 | 13.0% |
| General Revenues: | | | |
| Appropriations from General Fund | \$2,707,630 | \$1,413,283 | |
| Contributions | 2,322,822 | 2,319,648 | |
| Underwriting | 839,072 | 848,517 | |
| Corporate Match | 17,464 | 57,656 | |
| Income on Investments | 112,332 | 120,480 | |
| Restricted Investment Endowment | 18,913 | 5,000 | |
| Net Unrealized and Realized Gains/Losses on Investments | 315,590 | 662,359 | |
| Donated Equipment | 20,156 | 48,170 | |
| CPB Community Service Grant and Interconnect | 1,014,682 | 1,038,351 | |
| Unrestricted Grants and Contributions | 279,840 | 573,302 | |
| Loss on Disposed Equipment | 0 | (155,084) | |
| Total General Revenues | <u>\$7,648,501</u> | <u>\$6,931,682</u> | -9.4% |
| Total Revenues | <u>\$8,135,401</u> | <u>\$7,481,689</u> | -8.0% |
| EXPENDITURES: | | | |
| Programming/Production | \$2,472,607 | \$2,526,898 | |
| Broadcasting | 2,468,624 | 2,497,226 | |
| Program Information | 565,288 | 561,345 | |
| Fund Raising/Development | 989,538 | 823,909 | |
| Management/General | <u>1,275,389</u> | <u>1,178,366</u> | |
| Total Expenditures | <u>\$7,771,446</u> | <u>\$7,587,744</u> | -2.4% |
| Increase/(Decrease) in Net Assets | \$363,953 | (\$106,055) | |
| Net Assets - Beginning | <u>14,289,046</u> | <u>14,652,999</u> | |
| Net Assets – Ending | <u>\$14,652,999</u> | <u>\$14,546,944</u> | -0.7% |

IdahoPTV is funded from General Fund revenues, the Corporation for Public Broadcasting Community Service Grant, contributions, and miscellaneous revenue. Miscellaneous revenue is derived from intergovernmental services, services provided to the public and operational grants. The amount of support received from private contributions and State General Funds depends heavily on the overall state of the economy.

IdahoPTV's capital assets include equipment necessary for transmission to five IdahoPTV digital transmitters statewide: KAID-DT Channel 4, Boise; KUID-DT Channel 12, Moscow; KCDT-DT Channel 26, Coeur d'Alene; KISU-DT Channel 10, Pocatello; and KIPT-DT Channel 13, Twin Falls. For signals to reach the transmitters, IdahoPTV utilizes a central master control in its Boise location and transmission equipment located on the Idaho Department of Administration's Statewide Digital Microwave backbone. IdahoPTV met the FCC deadline of May 1, 2003 to convert all of its transmitters to allow digital service in Idaho, reserving all five digital broadcast licenses. IdahoPTV is currently utilizing grants from federal and private sources as well as State appropriations to upgrade studio and translator equipment into the congressionally mandated digital format.

Other capital assets include three studios with production facilities for editing and broadcasting in Boise, Moscow, and Pocatello. Assets include equipment for broadcast repair and maintenance, a computer network, office furniture, and 13 vehicles. Depreciation expenditures for fiscal year 2011 were \$1,364,138. Capital assets on June 30, 2011 totaled \$8,473,789.

FINANCIAL ANALYSIS OF IDAHO PUBLIC TELEVISION'S FUNDS

IdahoPTV accounts for operating activities in three major funds. The major funds are the General Fund, Federal Fund, and the Miscellaneous Revenue Fund.

The General Fund is a primary operating fund for IdahoPTV. It is used to account for the State General Fund appropriation. The fund is used to pay for personnel costs, administrative costs, and to purchase capital assets. The fiscal year 2011 General Fund ending appropriation was \$1,390,500.

The Miscellaneous Revenue Fund is also a primary operating fund for IdahoPTV. This fund receives an annual legislative appropriation (\$926,200 in fiscal year 2011) and non-cognizable spending authority to cover additional transfers from the Friends of Idaho Public Television, Inc. of about \$4 million each year (\$4,010,037 in fiscal year 2011). Idaho Code, Section 67-3516(2) allows the Division of Financial Management, with Board of Examiner approval, to increase the spending authority when funds other than State funds become available (i.e., funds that were not known about or the amounts that could not be determined at the time appropriations were made). Money receipted into the Miscellaneous Fund is used to pay personnel costs, programming costs, and general operating costs. The Miscellaneous Revenue Fund balance increased \$104,900 during fiscal year 2011.

The Federal Fund is used to receive federal grant money and to pay for capital equipment projects. The federal funds are from the U.S. Department of Commerce and the U.S. Department of Agriculture's Rural Utility Service.

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

| | Total Primary Government | Component Unit | |
|--|-----------------------------|--------------------|---------------------|
| | Governmental Activities | Friends of IPTV | Total |
| ASSETS | | | |
| Current: | | | |
| Cash and Cash Equivalants | \$145,589 | \$2,265,127 | \$2,410,716 |
| Investments | 0 | 1,153,384 | 1,153,384 |
| Due from State | 43,498 | 0 | 43,498 |
| Accounts and Interest Receivable | 11,598 | 6,601 | 18,199 |
| Contributions Receivable | 0 | 325,896 | 325,896 |
| Inventories & Prepaid Expense | 16,731 | 0 | 16,731 |
| Restricted Assets: | | | |
| Investments | 0 | 2,891,481 | 2,891,481 |
| Contributions Receivable - Restricted | 0 | 5,560 | 5,560 |
| Capital assets (net of accumulated depreciation) | | | |
| Buildings | 473,057 | 0 | 473,057 |
| Equipment | 8,000,732 | 0 | 8,000,732 |
| Total Assets | <u>\$8,691,205</u> | <u>\$6,648,049</u> | <u>\$15,339,254</u> |
| LIABILITIES | | | |
| Payroll and Benefits Payable | \$185,672 | \$0 | \$185,672 |
| Accounts payable | 50,215 | 0 | 50,215 |
| Deferred Revenue | 0 | 319,965 | 319,965 |
| Current Portion of Compensated Absences | 210,095 | 0 | 210,095 |
| Non-Current: | | | |
| Non-Current Portion of Compensated Absences | 26,363 | 0 | 26,363 |
| Total Liabilities | <u>\$472,345</u> | <u>\$319,965</u> | <u>\$792,310</u> |
| NET ASSETS | | | |
| Invested in capital assets, Net of related debt | \$8,473,789 | \$0 | \$8,473,789 |
| Restricted Permanent Trust - Nonspendable | 0 | 2,897,041 | 2,897,041 |
| Unrestricted | (254,929) | 3,431,043 | 3,176,114 |
| Total Net Assets | <u>\$8,218,860</u> | <u>\$6,328,084</u> | <u>\$14,546,944</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenditures) Revenues and Changes in Net Assets | | Total |
|--|-------------|-------------------------|--|--|--|--------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Friends of IPTV | |
| Primary Government: | | | | | | | |
| Governmental Activities | | | | | | | |
| Programming/Production | \$2,519,362 | \$0 | \$600 | \$0 | (\$2,518,762) | \$0 | (\$2,518,762) |
| Broadcasting | 2,497,226 | 43,258 | 19,778 | 376,890 | (2,057,300) | 0 | (2,057,300) |
| Program Information | 561,345 | 0 | 53,015 | 0 | (508,330) | 0 | (508,330) |
| Fund Raising/Development | 791,502 | 56,466 | 0 | 0 | (735,036) | 0 | (735,036) |
| Management/General | 1,148,391 | 0 | 0 | 0 | (1,148,391) | 0 | (1,148,391) |
| Total Primary Government | \$7,517,826 | \$99,724 | \$73,393 | \$376,890 | (\$6,967,819) | \$0 | (\$6,967,819) |
| Component Unit: | | | | | | | |
| Programming/Production | 7,536 | 0 | 0 | 0 | 0 | (7,536) | (7,536) |
| Fund Raising/Development | 32,407 | 0 | 0 | 0 | 0 | (32,407) | (32,407) |
| Management/General | 29,975 | 0 | 0 | 0 | 0 | (29,975) | (29,975) |
| Total Component Unit | \$69,918 | \$0 | \$0 | \$0 | \$0 | (\$69,918) | (\$69,918) |
| General Revenues: | | | | | | | |
| State Appropriation | | | | | \$1,413,283 | \$0 | \$1,413,283 |
| Corporate Match | | | | | 0 | 57,656 | 57,656 |
| Underwriting | | | | | 0 | 848,517 | 848,517 |
| CSG Grant | | | | | 0 | 1,038,351 | 1,038,351 |
| Grants/Contributions Not Restricted to Specific Programs | | | | | 0 | 573,302 | 573,302 |
| Unrestricted Investment Earnings | | | | | 0 | 120,480 | 120,480 |
| Restricted Foundation Endowment | | | | | 0 | 5,000 | 5,000 |
| Net Increase (Decrease) in Fair Value of Investments | | | | | 0 | 662,359 | 662,359 |
| Donated Equipment | | | | | 48,170 | 0 | 48,170 |
| Loss on Salvaged Equipment | | | | | (155,084) | 0 | (155,084) |
| Contributions | | | | | 0 | 2,319,648 | 2,319,648 |
| Payments to/(from) Affiliates | | | | | 4,881,315 | (4,881,315) | 0 |
| Total Revenues | | | | | \$6,187,684 | \$743,998 | \$6,931,682 |
| Change in Net Assets | | | | | (\$780,135) | \$674,080 | (\$106,055) |
| Net Assets - Beginning | | | | | 8,998,995 | 5,654,004 | 14,652,999 |
| Total Net Assets - Ending | | | | | \$8,218,860 | \$6,328,084 | \$14,546,944 |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2011

| | General Fund 0001 | Miscellaneous Fund 0349 | Federal Fund 0348 | Total |
|--------------------------------------|-------------------------|----------------------------|----------------------|-------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$0 | \$141,183 | \$4,406 | \$145,589 |
| Accounts and Interest Receivable | 0 | 11,598 | 0 | 11,598 |
| Due from State | 43,498 | 0 | 0 | 43,498 |
| Inventories & Prepaid Expenditures | 0 | 16,731 | 0 | 16,731 |
| Total Assets | <u>\$43,498</u> | <u>\$169,512</u> | <u>\$4,406</u> | <u>\$217,416</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Payroll and Benefits Payable | \$35,245 | \$150,427 | \$0 | \$185,672 |
| Accounts Payable | 8,253 | 41,642 | 320 | 50,215 |
| Total Liabilities | <u>\$43,498</u> | <u>\$192,069</u> | <u>\$320</u> | <u>\$235,887</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Inventories | \$0 | \$13,701 | \$0 | \$13,701 |
| Prepaid Expenditures | 0 | 3,030 | 0 | 3,030 |
| Assigned | 0 | 0 | 4,086 | 4,086 |
| Unassigned | 0 | (39,288) | 0 | (39,288) |
| Total Fund Balances | <u>\$0</u> | <u>(\$22,557)</u> | <u>\$4,086</u> | <u>(\$18,471)</u> |
| Total Liabilities and Fund Balances | <u>\$43,498</u> | <u>\$169,512</u> | <u>\$4,406</u> | <u>\$217,416</u> |

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

| | |
|---|--------------------|
| Total Fund Balances - Governmental Funds | (\$18,471) |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 8,473,789 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (236,458) |
| Net Assets of Governmental Activities | <u>\$8,218,860</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | General Fund 0001 | Miscellaneous Fund 0349 | Federal Fund 0348 | Total |
|---------------------------------------|----------------------|-------------------------------|----------------------|---------------|
| Revenues | | | | |
| Federal Grants | \$0 | \$0 | \$371,005 | \$371,005 |
| Book and Video Sales | 0 | 56,466 | 0 | 56,466 |
| Other Miscellaneous Revenue | 0 | 116,651 | 0 | 116,651 |
| Total Revenues | \$0 | \$173,117 | \$371,005 | \$544,122 |
| Expenditures | | | | |
| Current: | | | | |
| Programming/Production | \$91,897 | \$2,320,907 | \$5,946 | \$2,418,750 |
| Broadcasting | 526,309 | 676,264 | 59,998 | 1,262,571 |
| Program Information | 0 | 560,647 | 0 | 560,647 |
| Fund Raising/Development | 0 | 800,810 | 0 | 800,810 |
| Management/General | 795,077 | 306,625 | 27,355 | 1,129,057 |
| Capital Outlay | 0 | 284,279 | 340,547 | 624,826 |
| Total Expenditures | \$1,413,283 | \$4,949,532 | \$433,846 | \$6,796,661 |
| Revenues Over (Under) Expenditures: | (\$1,413,283) | (\$4,776,415) | (\$62,841) | (\$6,252,539) |
| Other Financing Sources (Uses) | | | | |
| State General Fund Appropriation | \$1,413,283 | \$0 | \$0 | \$1,413,283 |
| Payments from Affiliates | 0 | 4,881,315 | 0 | 4,881,315 |
| Total Other Financing Sources | \$1,413,283 | \$4,881,315 | \$0 | \$6,294,598 |
| Net Change in Fund Balances | \$0 | \$104,900 | (\$62,841) | \$42,059 |
| Fund Balances - Beginning | (\$0) | (\$127,457) | \$66,927 | (\$60,530) |
| Fund Balances Ending | (\$0) | (\$22,557) | \$4,086 | (\$18,471) |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

| | |
|---|-------------|
| Net change in fund balances - total governmental funds | \$42,059 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,364,138) exceeded capital outlays (\$624,826) in the current period. | (739,312) |
| Donated equipment | 48,170 |
| Loss on salvaged equipment | (155,085) |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenditures and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences. | 24,031 |
| Change in net assets of governmental activities | (\$780,137) |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Idaho Public Television (IdahoPTV) conform to the Corporation for Public Broadcasting, as applicable to public broadcasting stations. IdahoPTV financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to government units. The following is a summary of the more significant policies.

REPORTING ENTITY

IdahoPTV is a State agency. In determining how to define IdahoPTV for financial reporting purposes, management has considered the potential component unit, Friends of Idaho Public Television, Inc., in accordance with *GASB Statements* 14 and 39. The primary entity is IdahoPTV, which includes central management staff in Boise, two regional studios in Pocatello and Moscow, and an interconnection system among the five public television transmitters in Idaho (KAID-DT, KISU-DT, KUID-DT, KIPT-DT, and KCDT-DT), as well as 43 translators to serve distant and isolated communities.

The Friends of Idaho Public Television is the component unit of IdahoPTV. The component unit is reported in a separate column in the government-wide statements to emphasize that it is legally separate from IdahoPTV; however, IdahoPTV is able to impose its will upon this component unit. The Federal Communications Commission (FCC) allows on-air fund raising conducted for a Friends group but with a significant restriction that all support goes to the licensee. The component unit is not included in the fund statements. The fund statements consist of governmental funds.

The Friends of Idaho Public Television, Inc. is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code.

IdahoPTV contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho and IdahoPTV is not the major participant in the plan; therefore, the plan's financial statements are not included in this report.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (*Statement of Net Assets* and *Statement of Activities*) report information on all IdahoPTV activities and its discretely presented component unit. Within the government-wide financial statements, all of IdahoPTV's activities are reported as governmental activities. These activities are financed primarily through State appropriations and contributions from the Friends organization.

The *Statement of Net Assets* present IdahoPTV's assets and liabilities with the difference reported as net assets. Net assets are reported in three categories:

1. Investments in capital assets are net of accumulated depreciation reduced by any outstanding debt.
2. Restricted net assets result when constraints are externally imposed by contributors, by law, or by enabling legislation on how the assets can be used.

3. Unrestricted net assets are those not meeting the definition of the two preceding categories. Often, these have resource constraints imposed by management that can be removed or modified.

The *Statement of Activities* shows the degree to which the direct expenditures of a given function are offset by program revenues. Direct expenditures are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, and other items not meeting the definition of program revenues are reported as general revenue. Certain indirect costs are paid by the management/general function and are not allocated to the other government functions.

The fund financial statements are separate statements provided for each of IdahoPTV's funds; each fund is reported in a separate column. IdahoPTV has three major funds as described below:

General Fund

This fund is used to account for financial resources from State general fund appropriations. The General Fund is the primary source used to pay costs for the administration and maintenance of the statewide delivery system, which include certain costs for transmission, personnel, capital outlay, and operations of IdahoPTV.

Miscellaneous Fund

This is IdahoPTV's primary operating fund for broadcast content. It accounts for money received from the Corporation for Public Broadcasting, transfers from Friends of Idaho Public Television, Inc. to the State, and video sales. These funds are used to pay for national programming, local production, and general operating costs.

Federal Fund

This fund is the major fund used to receive federal grant money and to pay for related capital equipment projects. The two major grants are from the U.S. Department of Commerce National Telecommunications Information Agency and Public Telecommunications Facilities Program and the U.S. Department of Agriculture, Rural Utilities Service.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the *Statement of Net Assets*. Revenues are recorded when earned, and expenditures are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. IdahoPTV considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Funds from the sale of services, books, and videos, as well as any interest may be accrued. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds.

ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

IdahoPTV's primary governmental fund cash and cash equivalents are considered to be cash on hand and are on deposit with the State Treasurer's Office. The cash and cash equivalents identified for the component unit are cash in checking and savings accounts, money market accounts, and petty cash.

Investments

Investments are reported at fair value. Additional disclosure is identified in Note 2.

Accounts/Interest/Contributions Receivable and Receivable Due from State

The majority of receivables are contributions and interest. The receivable from the State is the amount remaining in the General Fund appropriation to pay current outstanding liabilities.

Inventories and Prepaid Expenses

Inventories are valued at cost, primarily using the first-in, first-out method. Both inventories and prepaid expenditures are reported under the consumption method.

Restricted Assets

Certain receipts are classified as permanently restricted assets under the Friends of Idaho Public Television, Inc., a component unit. This restriction results from donor-imposed restrictions that require the resources to be permanently maintained; however, IdahoPTV may expend all or part of the income or other economic benefits derived from the donated assets.

Capital Assets

Capital assets are reported at cost or, if the assets are donated, at the market value on the date of the donation. Only capital assets valued at \$5,000 or more are capitalized. Depreciation is recorded using the straight-line method. The value of each asset is reduced by equal amounts over its estimated useful life as follows:

| | Estimated Useful Life (Years) |
|-----------------------|----------------------------------|
| Equipment | 5-30 |
| Building Improvements | 15-40 |

Maintenance repairs and minor remodels are charged as operating expenditures when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note 7.

Accounts Payable

Payables in the government-wide financial statements consist primarily of short-term vendor obligations.

Other Liabilities

Other liabilities consist of payroll and benefits payable.

Government-wide financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include compensated absences payable, which include vacation and compensatory time earned by employees but not paid.

Deferred Revenue

Deferred revenue is recognized when revenue is received prior to being earned. In the governmental fund statements, deferred revenue is also recognized when revenue is earned but not available.

Net Assets

Net assets include investments in capital assets net of related debt. Restricted assets are assets whose use is restricted by grantors, contributors, laws or regulations. Unrestricted assets are assets that do not fall under the previous two categories.

Fund Balance

Fund balance is the difference between assets and liabilities on the governmental fund financial statements. Fund balances are classified in the following three categories:

- *Nonspendable* fund balance consists of amounts that cannot be spent because they are in nonspendable form, such as inventories and prepaid items; or they are legally or contractually required to be maintained intact.
- *Assigned* fund balances consist of amounts that are constrained by Idaho Public Television's intent to be used for specific purposes.
- *Unassigned* fund balance is the residual classification for the General Fund.

Where multiple fund classifications are available, Idaho Public Television spends funds in the following order: restricted, committed, assigned, unassigned.

REVENUES AND EXPENDITURES/EXPENSES

In the government-wide statement of activities, revenues and expenditures are segregated by activity (government or component unit) and by function (programming/production, broadcasting, etc.). Additionally, revenues are classified as program or general revenues. Program revenues include charges to customers or applicants for goods, services, or privileges provided and certain grants and contributions. General revenues include General Fund appropriation, general contributions, and general grants. In the government-wide statement of activities, all internal transfers (to/from) are eliminated. These are shown in the fund statements.

In the governmental fund financial statements, revenues are reported by source. These revenues are available to fund any activity accounted for in the fund.

In the governmental fund financial statements, expenditures are reported by function. Capital outlay expenditures were for equipment primarily related to the conversion to digital television. A more in depth breakout of capital expenditures is shown in Note 7.

Financing Sources (Uses)

The additions to governmental fund balances in the fund financial statements include IdahoPTV's General Fund appropriation and payments from the discretely presented component unit.

Variances in Statements and Notes

Amounts may differ in schedules and notes due to rounding.

NOTE 2. CASH AND INVESTMENTS

Deposits

GASB Statement No. 40 requires certain disclosures regarding policies and practices with respect to investments and the risks associated with them.

IdahoPTV follows policies and procedures of its governing board, the State Board of Education.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, IdahoPTV's deposits may not be returned.

Friends of Idaho Public Television, Inc. has an investment policy for custodial credit risk covering the endowment funds. This policy allows for cash investments in CDs, U.S. Government securities, and money market funds. There is no other investment policy outside of the endowment funds.

As of June 30, 2011, \$1,451,349 of IdahoPTV's bank balance of \$2,410,716 was exposed to uninsured and uncollateralized custodial credit risk. The entire amount of custodial credit risk was in the component unit. Of the \$1,451,349 subject to custodial credit risk, \$0 was endowment funds.

Credit Quality Ratings

At June 30, 2011, IdahoPTV had the following credit quality ratings:

| | Fair Market Value | Aaa | Aa2 | Aa3 | A1 | A2 | A3 | Baa1 | Unrated |
|----------------------|-------------------------|-----------|-----------|----------|----------|-----------|----------|----------|-----------|
| Mutual Funds | \$429,925 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$429,925 |
| Corporate Debt Inst. | 525,165 | 0 | 176,788 | 25,031 | 27,260 | 209,014 | 58,250 | 28,822 | 0 |
| US Govt. Obligation | 568,169 | 568,169 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | \$1,523,259 | \$568,169 | \$176,788 | \$25,031 | \$27,260 | \$209,014 | \$58,250 | \$28,822 | \$429,925 |

Concentration of Credit Risk

IdahoPTV has no reportable concentration of credit risk, which represents 5% of its total portfolio.

Interest Rate Risk

The following table represents IdahoPTV's investment maturities at June 30, 2011:

| Investment Type | <u>Segmented Time Distribution</u> | | | | |
|-----------------------------|------------------------------------|---------------------|-----------|------------|----------------------------|
| | Fair Value | Less than 1 Year | 1-5 Years | 6-10 Years | Over 10 Yrs/ Open Ended |
| Mutual Funds | \$429,925 | \$0 | \$0 | \$0 | \$429,925 |
| Corporate Debt Instruments | 525,165 | 0 | 310,724 | 214,441 | 0 |
| US Government Obligations | 568,169 | 0 | 59,112 | 382,521 | 126,536 |
| Total Rated Debt Securities | \$1,523,259 | \$0 | \$369,836 | \$596,962 | \$556,461 |

Donor Restricted Assets

IdahoPTV holds donor restricted assets consisting of investments with a fair value of \$2,891,481, as of June 30, 2011. Investments are held in the name of the Friends of Idaho Public Television, Inc.

The Friends of Idaho Public Television, Inc. board is an advisory board and authorizes the amount of net appreciation that IdahoPTV can spend. IdahoPTV determines the purpose of the expenditures. The donor restricted assets are reported as restricted permanent trust non-spendable net assets.

NOTE 3. COMPENSATED ABSENCES

State of Idaho employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and Idaho law. Overtime is commonly referred to as "compensatory time" or "comp time" since employees may take time off for the accrued overtime. For purposes of earning and accruing overtime, there are three general classes of employees:

1. Those earning overtime at 1.5 times regular pay rates and who may be paid for the overtime or take time off.
2. Those earning overtime at their regular pay rate and who may only take time off.
3. Those ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Overtime for those eligible for payment

Shown below is the total value of leave that has been accrued by IdahoPTV employees as of June 30, 2011. These amounts are accrued in the government-wide financial statements when the benefits are incurred. A liability for the amount is reported in the governmental funds only if it has matured, for example, as a result of employee resignation or retirement.

| | Hours Accrued | Due in 1 Year | Due in More than 1 Year | Total Value |
|-------------------|------------------|------------------|-------------------------------|----------------|
| Vacation | 9,263 | \$187,886 | \$23,577 | \$211,463 |
| Compensatory Time | 1,091 | 22,209 | 2,787 | 24,996 |
| Total | 10,354 | \$210,095 | \$26,364 | \$236,459 |

Changes in Compensated Absences:

| | Hours | Amount |
|-------------------|----------|-----------|
| Beginning Balance | 11,348 | \$260,489 |
| Increases | 9,089 | 210,697 |
| Decreases | (10,083) | (225,727) |
| Total | 10,354 | \$236,459 |

NOTE 4. PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost-sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible State and school district employees, the legislation provided for political subdivisions to participate by contractual agreement. Financial reports for the plan are available from PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits when they reach the age specified by their

employment classification. For each year of credited service, the annual service retirement allowance is 2.0% or 2.3% (depending on employee classification) of the average monthly salary for the highest consecutive 42 months.

For the year ended June 30, 2011, the required contribution rates were 10.39% (employer) and 6.23% (employee). IdahoPTV's contributions required and paid were \$261,031, \$258,868 and \$233,688 for the three years ended June 30, 2009, 2010 and 2011, respectively.

The PERSI Choice Plan is the State's defined contribution retirement plan. Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. Participants direct their own investment mix without restriction and may elect to change their deferral every pay period.

NOTE 5. OTHER POST EMPLOYMENT BENEFITS

The State funds or partially funds post-employment benefits relating to health, disability, and life insurance. IdahoPTV participates in the State of Idaho's post-employment benefit programs. The State administers the retiree healthcare plan which allows retirees to purchase health care insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue health care coverage. Benefit costs are paid by IdahoPTV through a rate charged by the State. The primary government is reporting the liability for the retiree health care and long-term disability benefits. Specific details of these post-employment benefits are available in the statewide Comprehensive Annual Financial Report (CAFR), which may be obtained by contacting the Office of the State Controller or from its website.

NOTE 6. COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit, grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG's) to qualifying public telecommunications entities. CSG's are used to augment the financial resources of public broadcasting stations, thereby enhancing the quality of programming and expanding the scope of public broadcasting services. Each CSG may be expended during one or two federal fiscal years as described in the *Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement*. Each grant must be expended within two years of the initial grant authorization. These grants are not considered federal grants.

According to the Communications Act, funds may be used at the recipient's discretion. Public broadcasters use these funds primarily to transmit, produce, and acquire programming for the purposes of public broadcasting. The grants also may be used to sustain activities that were started with CSG's awarded in prior years.

The grants are reported on the accompanying financial statements as unrestricted operating funds. However, to maintain eligibility and to comply with requirements, certain guidelines must be satisfied when applying for and using the grants. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the FCC.

The CSG's received and expended during the most recent fiscal years were:

| Grant Year | Grant Amount | Disbursed | | Balance |
|-----------------|--------------|-----------|-----------|-----------|
| | | FY 2010 | FY 2011 | |
| 10/1/09-9/30/11 | \$1,014,682 | \$143,007 | \$871,675 | \$0 |
| 10/1/10-9/30/12 | \$1,038,351 | \$0 | \$54,525 | \$983,826 |

NOTE 7. CHANGES IN PROPERTY AND EQUIPMENT

Capital assets, which include property and equipment, are reported at cost when purchased or constructed. If acquired by gift, they are recognized at the estimated fair market value at the date of the gift. Expenditures for repairs or maintenance are charged to operating expenditures as incurred.

A summary of recorded changes in property and equipment follows:

| | Balances 6/30/2010 | Additions | Deletions | Balances 6/30/2011 |
|---------------------------------|-----------------------|---------------|---------------|-----------------------|
| Assets | | | | |
| Studio | \$7,363,456 | \$10,500 | (\$852,875) | \$6,521,081 |
| Transmission | 16,390,488 | 547,870 | (696,156) | 16,242,202 |
| Vehicles | 414,856 | 98,431 | 0 | 513,287 |
| Furniture/Fixtures | 265,479 | 8,195 | (6,906) | 266,768 |
| Building Improvements | 753,222 | 8,000 | 0 | 761,222 |
| Total Assets | \$25,187,501 | \$672,996 | (\$1,555,937) | \$24,304,560 |
| Accumulated Depreciation | | | | |
| Studio | (\$4,654,532) | (\$383,171) | \$831,127 | (\$4,206,576) |
| Transmission | (10,481,675) | (890,662) | 562,820 | (10,809,517) |
| Vehicles | (266,587) | (27,881) | 0 | (294,468) |
| Furniture/Fixtures | (207,752) | (36,119) | 6,906 | (236,965) |
| Building Improvements | (256,941) | (26,305) | 0 | (283,246) |
| Total Accumulated Depreciation | (\$15,867,487) | (\$1,364,138) | \$1,400,853 | (\$15,830,772) |
| Net Assets | \$9,320,014 | (\$691,142) | (\$155,084) | \$8,473,788 |

| Function | Fiscal Year 2011 Depreciation |
|----------------------------------|----------------------------------|
| Programming/Production | \$103,154 |
| Broadcasting Program Information | 1,234,454 |
| Fund Raising/Development | 0 |
| Management/General | 26,530 |
| Total | \$1,364,138 |

The federal interest period is the period of time during which the federal government retains a reversionary interest in all facilities constructed with federal grant funds. This period begins with the purchase of the facilities and continues for ten (10) years after the official completion date of the project. Although *OMB Circular A-110*, sections 33 and 34 (58 FR 62992, Nov. 29, 1993) and 15 CFR §§24.31 and 24.32, specify that the federal government maintains a reversionary interest in the

facilities for as long as the facilities are needed for the originally authorized purpose, Public Telecommunications Facilities Program's authorizing statute (47 U.S.C. 392(g)) limits the reversionary period to ten years for purposes of this program. However, federal constitutional limitations on the use of the facilities survive for the useful life of the facilities, whether or not this period extends beyond the ten-year federal interest period.

Idaho Public Television has federal reversionary interest on certain assets related to corresponding federal grants. Total book value of fixed assets at 6/30/11 is \$ 8,473,789; total reversionary interest on federal awards is \$3,321,554, or 39.2% of the total book value affixed assets.

NOTE 8. LEASES

IdahoPTV is committed to the following ongoing operating leases:

- Orchard Partners for the main office in Boise and the media room; total lease expense for fiscal year 2011 was \$373,740.
- Thomas V. Faerber for the McCann Property site; total lease expense for fiscal year 2011 was \$2,500.
- McCann Land Co., total for Tower Site Lease fiscal year 2011 was \$500.
- King Broadcasting for the Deer Point Tower site; total lease expense for fiscal year 2011 was \$1,600.
- Riverview Industrial Park Chinden for storage space; total lease expense for fiscal year 2011 was \$9,480.
- Communications Associates for Table Rock Site Lease year 2011 was \$3,600.
- Idaho Power for pole leases; the lease expense for fiscal year 2011 was \$4,320.
- Citizens Telecommunications Co. for No Business Mountain site lease, total for fiscal year 2011 was \$8,004.
- Dollar Rent-A-Car for van lease, total expenses for fiscal year 2011 was \$1,324.
- Frandsen/Sand Hill Media for Menan Butte Site lease, total lease expense for fiscal year 2011 was \$2,400.
- Ricoh Americas Corp for copier lease – total expenses for fiscal year 2011 was \$3,431.
- Idaho Department of Lands lease expense for fiscal year 2011 was \$6,059.
- State of Idaho Military Division, for mountain top radios and sites for fiscal year 2011 was \$13,800.
- State of Idaho Dept of Administration lease expense for fiscal year 2011 was \$26,400.

Future minimum lease payments are summarized below:

| Lease | Amount |
|------------------|------------------|
| Fiscal Year 2012 | \$403,726 |
| Fiscal Year 2013 | 406,727 |
| Fiscal Year 2014 | 16,080 |
| Fiscal Year 2015 | 6,600 |
| Thereafter | 0 |
| Total Payments | <u>\$833,133</u> |

NOTE 9. IN-KIND CONTRIBUTIONS

In-kind contributions used for fundraising are not eligible for matching funds in the Annual Financial Report completed for the CPB's Community Service Grant. In-kind donations that are eligible are included in this report for the benefit of the CPB and the reader of this report. In-kind contributions consist of services from donors toward production and broadcasting activities, as well as other types of support. The values of the contributions are shown below and are only reported in this section, not the financial statements.

In-kind donations classified under broadcasting/production include donated space in the Capitol Annex and other donated equipment and services. Donations classified as communication and administration include donated services, donated space, and statewide allocated costs. Development in-kind values consist of vendor trade-outs not directly associated with fundraising. Following are valuations of donated contributions in fiscal year 2011.

| In-Kind Contributions | |
|-----------------------|------------------|
| Development | \$123,467 |
| Communications | 38,315 |
| Administration | 171,274 |
| Total | <u>\$333,056</u> |

NOTE 10. FEDERAL GRANTS

During fiscal year 2011, IdahoPTV received federal grants from the U.S. Department of Commerce and the U.S. Department of Agriculture.

The grants from the U.S. Department of Commerce were for the National Telecommunications and Information Administration/Public Telecommunications Facilities Program (NTWPTFP) (CFDA 11.550) grants. The funds will be used to purchase fill-in translators, a KAID generator and digital master control conversion.

The grant from the U.S. Department of Agriculture was the Rural Utilities Service (RUS) (CFDA 10.861). The funds were used to continue upgrading existing translator sites to digital.

The activity during the fiscal year for these grants is summarized below:

| Grant | Award Amount | FY 2011 Received | FY 2011 Disbursed |
|-----------------|--------------|------------------|-------------------|
| NTIA/PTFP –FY10 | \$ 363,037 | \$ 121,595 | \$ 121,594 |
| NTIA/PTFP –FY10 | 800,000 | 146,327 | 146,327 |
| RUS - FY10 | 481,770 | 54,968 | 54,553 |
| RUS – FY07 | 308,512 | 54,000 | 54,000 |
| RUS – FY11 | 142,025 | 0 | 0 |

The Single Audit requirement will be accomplished by completion of the statewide *2011 Single Audit Report*.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

GENERAL FUND BUDGET AND ACTUAL

| | Budgeted Amounts | | Actual Amounts | Variance w/ Final Budget Positive/(Negative) |
|--------------------|--------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Personnel | \$714,800 | \$714,800 | \$714,800 | \$0 |
| Operating | 675,700 | 675,700 | 675,700 | 0 |
| Total Expenditures | <u>\$1,390,500</u> | <u>\$1,390,500</u> | <u>\$1,390,500</u> | <u>\$0</u> |

Reconciliation to GAAP basis expenditures:

| | |
|------------------------------|--------------------|
| Increase in Payroll Payable | \$35,227 |
| Decrease in Accounts Payable | (12,444) |
| Total GAAP Expenditures | <u>\$1,413,283</u> |

MAJOR MISCELLANEOUS FUND BUDGET AND ACTUAL

| | Budgeted Amounts | | Actual Amounts | Variance w/ Final Budget Positive/(Negative) |
|--------------------|------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Personnel | 916,200 | 2,981,500 | \$2,560,927 | 420,573 |
| Operating | 10,000 | 2,453,500 | 2,062,450 | 391,050 |
| Capital | 0 | 627,900 | 312,860 | 315,040 |
| Total Expenditures | <u>\$926,200</u> | <u>\$6,062,900</u> | <u>\$4,936,237</u> | <u>\$1,126,663</u> |

Reconciliation to GAAP basis expenditures:

| | |
|--|--------------------|
| Increase in Accounts and Interest Receivable | (\$4,516) |
| Increase in Payroll Payable | 2,627 |
| Increase in Accounts Payable | 17,217 |
| Ancillary Inventory Adjustment | (1,482) |
| Change in Prepaid Expenses | (550) |
| Total GAAP Expenditures | <u>\$4,949,532</u> |

MAJOR FEDERAL FUND BUDGET AND ACTUAL

| | Budgeted Amounts | | Actual Amounts | Variance w/ Final Budget Positive/(Negative) |
|--------------------|------------------|--------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Personnel | \$97,200 | \$97,200 | \$97,200 | \$0 |
| Capital | | 1,330,000 | 376,475 | 953,525 |
| Total Expenditures | <u>\$97,200</u> | <u>\$1,427,200</u> | <u>\$473,675</u> | <u>\$953,525</u> |

Reconciliation to GAAP basis expenditures:

| | |
|------------------------------|------------------|
| Increase in Accounts Payable | \$320 |
| Decrease in Payroll Payable | (40,149) |
| Total GAAP Expenditures | <u>\$433,846</u> |

The accompanying notes are an integral part of this schedule.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY BASIS OF ACCOUNTING

IdahoPTV's legal budget is prepared using cash basis records. Encumbrances are allowed for budgetary control purposes. Revenues are generally recognized when cash is received, and expenditures are recorded when the related cash disbursement occurs. The Budgetary Comparison Schedule is prepared on the budgetary basis and includes this variation from GAAP. The reconciliations at the bottom of each section of the budget and actual statement show the difference between the budgetary basis and GAAP.

Additional budgeted funds are non-cognizable funds that IdahoPTV transfers to the State from its Friends' account.

SUPPLEMENTARY INFORMATION INCLUDED FOR COMPARISON PURPOSES

Fiscal year 2010 statements are included for comparative purposes, as required by the Corporation for Public Broadcasting.

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

| | Total Primary Government | Component Unit | |
|--|-----------------------------|--------------------|---------------------|
| | Governmental Activities | Friends of IPTV | Total |
| Assets | | | |
| Current: | | | |
| Cash and Cash Equivalents | \$115,629 | \$1,851,080 | \$1,966,709 |
| Investments | 0 | 659,557 | 659,557 |
| Due from State | 20,716 | 0 | 20,716 |
| Accounts and Interest Receivable | 15,640 | 6,729 | 22,369 |
| Contributions Receivable | 0 | 267,247 | 267,247 |
| Inventories and Prepaid Expenses | 14,699 | 0 | 14,699 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 0 | 24,250 | 24,250 |
| Investments | 0 | 2,857,231 | 2,857,231 |
| Contributions Receivable - Restricted | 0 | 10,560 | 10,560 |
| Capital Assets (Net of Accumulated Depreciation) | | | |
| Buildings | 491,362 | 0 | 491,362 |
| Equipment | 8,828,653 | 0 | 8,828,653 |
| Total Assets | <u>\$9,486,699</u> | <u>\$5,676,654</u> | <u>\$15,163,353</u> |
| Liabilities | | | |
| Payroll and Benefits Payable | \$182,084 | \$0 | \$182,084 |
| Accounts payable | 45,130 | 0 | 45,130 |
| Deferred Revenue | 0 | 22,650 | 22,650 |
| Current Portion of Compensated Absences | 214,626 | 0 | 214,626 |
| Non-Current: | | | |
| Non-Current Portion of Compensated Absences | 45,864 | 0 | 45,864 |
| Total Liabilities | <u>\$487,704</u> | <u>\$22,650</u> | <u>\$510,354</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | \$9,320,015 | \$0 | \$9,320,015 |
| Restricted Permanent Trust - Non-Expendable | 0 | 2,892,041 | 2,892,041 |
| Unrestricted | (321,020) | 2,761,963 | 2,440,943 |
| Total Net Assets | <u>\$8,998,995</u> | <u>\$5,654,004</u> | <u>\$14,652,999</u> |

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Assets | | |
|--|-------------|----------------------------|---|---|---|------------------------|---------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Friends of IdahoPTV | Total |
| Primary Government: | | | | | | | |
| Governmental Activities | | | | | | | |
| Programming/Production | \$2,469,955 | \$32,025 | \$44,188 | \$0 | (\$2,393,742) | \$0 | (\$2,393,742) |
| Broadcasting | 2,468,624 | 49,046 | 94,895 | 64,880 | (2,259,803) | 0 | (2,259,803) |
| Program Information | 565,288 | 0 | 35,168 | 0 | (530,120) | 0 | (530,120) |
| Fund Raising/Development | 923,188 | 53,496 | 11,444 | 0 | (858,248) | 0 | (858,248) |
| Management/General | 1,242,568 | 2,623 | 99,135 | 0 | (1,140,810) | 0 | (1,140,810) |
| Total Primary Government | \$7,669,623 | \$137,190 | \$284,830 | \$64,880 | (\$7,182,723) | \$0 | (\$7,182,723) |
| Component Unit: | | | | | | | |
| Programming/Production | 2,652 | | | | | (2,652) | (2,652) |
| Fund Raising/Development | 66,350 | | | | | (66,350) | (66,350) |
| Management/General | 32,821 | | | | | (32,821) | (32,821) |
| Total Component Units | \$101,823 | | | | | (\$101,823) | (\$101,823) |
| General Revenues: | | | | | | | |
| State Appropriation | | | | | 2,707,630 | 0 | 2,707,630 |
| Corporate Match | | | | | 0 | 17,464 | 17,464 |
| Underwriting | | | | | 0 | 839,072 | 839,072 |
| CSG Grant | | | | | 0 | 1,014,682 | 1,014,682 |
| Grants/Contributions Not Restricted to Specific Programs | | | | | 0 | 279,840 | 279,840 |
| Unrestricted Investment Earnings | | | | | 0 | 112,332 | 112,332 |
| Restricted Foundation Endowment | | | | | 0 | 18,913 | 18,913 |
| Net Increase/(Decrease) in Fair Value of Investments | | | | | 0 | 315,590 | 315,590 |
| Donated Equipment | | | | | 20,156 | 0 | 20,156 |
| Contributions | | | | | 0 | 2,322,822 | 2,322,822 |
| Payments to/(from) Affiliates | | | | | 4,379,894 | (4,379,894) | 0 |
| Total Revenues | | | | | \$7,107,680 | \$540,821 | \$7,648,501 |
| Change in Net Assets | | | | | (\$75,043) | \$438,998 | \$363,955 |
| Net Assets - Beginning | | | | | 9,074,040 | 5,215,006 | 14,289,046 |
| Total Net Assets - Ending | | | | | \$8,998,997 | \$5,654,004 | \$14,653,001 |

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2010

| | General Fund 0001 | Miscellaneous Fund 0349 | Federal Fund 0348 | Total |
|--------------------------------------|----------------------|----------------------------|----------------------|-------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$0 | \$14,023 | \$101,606 | \$115,629 |
| Accounts and Interest Receivable | 0 | 15,640 | 0 | 15,640 |
| Due from State | 20,716 | 0 | 0 | 20,716 |
| Due from Other Funds | 0 | 0 | 5,470 | 5,470 |
| Inventories and Prepaid Expense | 0 | 14,699 | 0 | 14,699 |
| Total Assets | <u>\$20,716</u> | <u>\$44,362</u> | <u>\$107,076</u> | <u>\$172,154</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Payroll and Benefits Payable | \$19 | \$141,916 | \$40,149 | \$182,084 |
| Due to Other Funds | 0 | 5,470 | 0 | 5,470 |
| Accounts Payable | 20,697 | 24,433 | 0 | 45,130 |
| Total Liabilities | <u>\$20,716</u> | <u>\$171,819</u> | <u>\$40,149</u> | <u>\$232,684</u> |
| Fund Balances | | | | |
| Reserve for: | | | | |
| Inventories and Prepaid Expenses | \$0 | \$14,699 | \$0 | \$14,699 |
| Unreserved Reported in: | | | | |
| Special Revenue | 0 | (142,156) | 66,927 | (75,229) |
| Total Fund Balances | <u>\$0</u> | <u>(\$127,457)</u> | <u>\$66,927</u> | <u>(\$60,530)</u> |
| Total Liabilities and Fund Balances | <u>\$20,716</u> | <u>\$44,362</u> | <u>\$107,076</u> | <u>\$172,154</u> |

RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

| | |
|--|---------------------------|
| Total Fund Balances - Governmental Funds | (60,530) |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds. | 9,320,015 |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported in the funds. | (260,489) |
| Net Assets of Governmental Activities | <u><u>\$8,998,996</u></u> |

STATE OF IDAHO
IDAHO PUBLIC TELEVISION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

| | General Fund 0001 | Miscellaneous Fund 0349 | Federal Fund 0348 | Total |
|---------------------------------------|----------------------|----------------------------|----------------------|---------------|
| Revenues | | | | |
| Federal Grants | \$0 | \$0 | \$105,092 | \$105,092 |
| Book and Video Sales | 0 | 54,047 | 0 | 54,047 |
| Other Miscellaneous Revenue | 0 | 327,758 | 0 | 327,758 |
| Total Revenues | \$0 | \$381,805 | \$105,092 | \$486,897 |
| Expenditures | | | | |
| Current: | | | | |
| Programming/Production | \$89,360 | \$2,232,293 | \$5,479 | \$2,327,132 |
| Broadcasting | 573,893 | 714,147 | 34,835 | 1,322,875 |
| Program Information | 0 | 568,950 | (1,121) | 567,829 |
| Fund Raising/Development | 0 | 921,633 | 0 | 921,633 |
| Management/General | 839,474 | 321,710 | 18,281 | 1,179,465 |
| Capital Outlay | 1,204,903 | 37,283 | 46,848 | 1,289,034 |
| Total Expenditures | \$2,707,630 | \$4,796,016 | \$104,322 | \$7,607,968 |
| Revenues Over (Under) Expenditures: | (\$2,707,630) | (\$4,414,211) | \$770 | (\$7,121,071) |
| Other Financing Sources (Uses) | | | | |
| State General Fund Appropriation | \$2,707,630 | \$0 | \$0 | \$2,707,630 |
| Payments from Affiliates | 0 | 4,379,894 | 0 | 4,379,894 |
| Total Other Financing Sources | \$2,707,630 | \$4,379,894 | \$0 | \$7,087,524 |
| Net Change in Fund Balances | \$0 | (\$34,317) | \$770 | (\$33,547) |
| Fund Balances - Beginning | 0 | (93,140) | 66,157 | (26,983) |
| Fund Balances Ending | \$0 | (\$127,457) | \$66,927 | (\$60,530) |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURE
AND CHANGES IN FUND BALANCES

Net Change in Fund Balances - Total Governmental Funds (\$33,547)

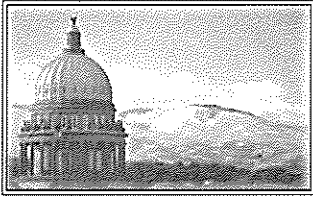
Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,345,908) exceeded capital outlays (\$1,289,035) in the current period. (56,873)

Donated Equipment 20,156

The difference between modified and full accrual accounting requires an adjustment for the differences in compensated absences from one year to the next. (4,782)

Change in Net Assets of Governmental Activities (\$75,046)



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

November 17, 2011

Independent Auditor's Report on Internal Control over
Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Peter Morrill, General Manager
Idaho Public Television
1455 North Orchard Street
Boise, ID 83720-0037

Richard Westerberg, President
Idaho State Board of Education
650 West State Street, Room 307
Boise, ID 83720

Dear Mr. Morrill and Mr. Westerberg:

We have audited the financial statements of the governmental activities, the discretely presented component unit, and each major fund for Idaho Public Television (IdahoPTV) as of and for the year ended June 30, 2011, which collectively comprise IdahoPTV's basic financial statements and have issued our report thereon dated November 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the IdahoPTV's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IdahoPTV's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of IdahoPTV's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

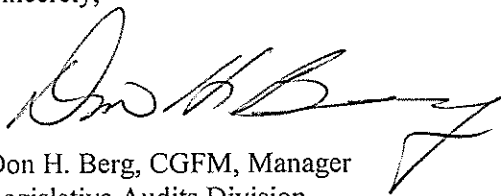
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We consider the deficiency described in Finding 1 to be a significant deficiency in internal controls over financial reporting. We also consider this significant deficiency to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance as to whether IdahoPTV's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State of Idaho, IdahoPTV, and the State Department of Education and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

FINDING AND RECOMMENDATION

FINDING 1

An internal control weakness exists in the process for preparing financial statements.

Generally accepted accounting standards are continually changing, and as such, efforts must be taken to ensure that new standards are implemented as required. IdahoPTV has a process in place to identify and implement changes to the requirements, which includes reviews of the financial statements by several staff members at multiple levels to ensure the accuracy and completeness of the financial presentation.

For fiscal year 2011, a new standard ("GASB 54 – Fund Balance Reporting") was implemented, and although IdahoPTV implemented parts of this new standard, a certain classification of fund balance was not reported as required. The final report has been adjusted to correct the misstatement, but we are required by auditing standards to identify and report this situation as an internal control weakness.

RECOMMENDATION

We recommend that IdahoPTV make every effort to research and implement new accounting standards as required.

AGENCY'S CORRECTIVE ACTION PLAN

The single finding in this report recognized that an internal control weakness exists in the process for preparing financial statements. An error in a balance sheet statement was identified and corrected in the course of the audit.

The error was in classifying a fund balance as unassigned when it should have been assigned. This was part of the new GASB Statement 54 that was effective for the reporting period. All other aspects of the new GASB statement were properly implemented. Specifically, the assigned fund balance of \$4,086 on the balance sheet for governmental funds was corrected during the audit, which was previously reported as unassigned. Further, this year had a change in the auditing process of determining materiality where a value of 10% of the fund's asset balance is considered material. For the assigned value reported on the related statement above, materiality was any value greater than \$441.

Our corrective action has already been implemented by reviewing GASB Statement 54 with all senior accounting staff, correcting our internal financial statement working files, and by working to transfer the balance to the appropriate fund to complete a reimbursement. This change will result in a zero balance of assigned funds.

AGENCY RESPONSE

November 18, 2011

Mr. Chris Farnsworth, CPA
Managing Auditor
Legislative Auditor's Office
State Capitol, Suite E135
P.O. Box 83720
Boise, ID 83720-0054

Dear Mr. Farnsworth:

Please find below our agency's response to your audit finding of Idaho Public Television for fiscal year 2011.

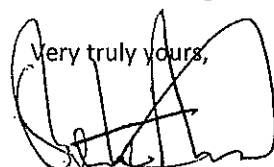
The single finding in this year's audit recognized that an internal control weakness exists in the process for preparing financial statements. An error in a balance sheet statement was identified and corrected in the course of the audit.

The error was in classifying a fund balance as unassigned when it should have been assigned. This was part of the new GASB Statement 54 that was effective for the reporting period. All other aspects of the new GASB statement were properly implemented. Specifically, the assigned fund balance of \$ 4,086 on the balance sheet for governmental funds was corrected during the audit, which was previously reported as unassigned. Further, this year had a change in the auditing process of determining materiality where a value of 10% of the fund's asset balance is considered material. For the assigned value reported on the related statement above, materiality was any value greater than \$ 441.

Our corrective action has already been implemented as of this letter by reviewing GASB Statement 54 with all senior accounting staff, correcting our internal financial statement working files, and by working to transfer the balance to the appropriate fund to complete a reimbursement. This change will result in a zero balance of assigned funds.

I am confident the above changes have ensured compliance with GASB Statement 54, which is intended to improve the information provided in our financial statements for all readers of the audited report.

We appreciate the thoroughness, efficiency and responsiveness of this year's audit team: Kathleen Watkins, Kyle Wilmot and Greg Stalling.

Very truly yours,

Peter W. Morrill
General Manager

PRIOR FINDING AND RECOMMENDATION

The prior report covered the fiscal year ended June 30, 2010, and included one finding and recommendation. The following explains the status of this finding and recommendation.

PRIOR FINDING 1

Internal control weaknesses exist in the process of preparing financial statement notes.

We recommend that Idaho Public Television make every effort to research and implement new accounting standards as required.

IdahoPTV implemented the following changes when preparing financial statements beginning with the fiscal year 2011 financials:

- 1) IdahoPTV has included the Other Post-Employment Benefits note required per GASB Statement 50.
- 2) Drafts of Note Disclosures continued to be reviewed in detail by the Director of Finance for both accuracy and completeness.
- 3) IdahoPTV has actively researched new accounting standards requirements.

STATUS: CLOSED

APPENDIX

HISTORY

Idaho Public Television (IdahoPTV) was established in Senate Bill 1476, by the Idaho State Board of Education, to provide administrative, operational, and programming expertise to the management and staff of Idaho's public television stations. The stations, located in Boise (KAID and KAID-DT, direct television), Pocatello (KISU and KISU-DT), Moscow (KUID and KUID-DT), Twin Falls (KIPT and KIPT-DT), and Coeur d'Alene (KCDT and KCDT-DT) are dedicated to:

- Providing quality educational and cultural television programs from national sources to the Idaho population at large;
- Providing instructional television services to Idaho public schools;
- Providing ancillary telecommunication services to other State institutions and agencies;
- Providing television programs designed to meet specific needs of Idahoans when these programs are unavailable elsewhere; and
- Serving as training centers for college-level students entering the communications field.

STATUTORY AUTHORITY

IdahoPTV derives its authority from the Idaho State Board of Education, which has delegated responsibility to the general manager to administer, coordinate and supervise Idaho's public television stations. No statutory authority exists for IdahoPTV since it is a State Board of Education established entity.

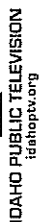
FUNDING

In fiscal year 2011, IdahoPTV received about 63% of its funding from the Friends organization, about 19% from the State's General Fund, about 13% from the Corporation for Public Broadcasting, and about 5% through federal funding and miscellaneous funding.

ORGANIZATION

IdahoPTV is governed by the State Board of Education, which appoints the general manager to manage day-to-day operations of the system. The general manager is responsible for ensuring adherence to local, State, and federal regulations by all public broadcasting operations in the State of Idaho, for which the Board is the designated licensee by the Federal Communications Commission. The general manager may establish policies and procedures for internal management of IdahoPTV. Such policies and procedures are subject to the Board's review and action.

At June 30, 2011, IdahoPTV had 51 full-time employees (see the organizational chart on the following page).



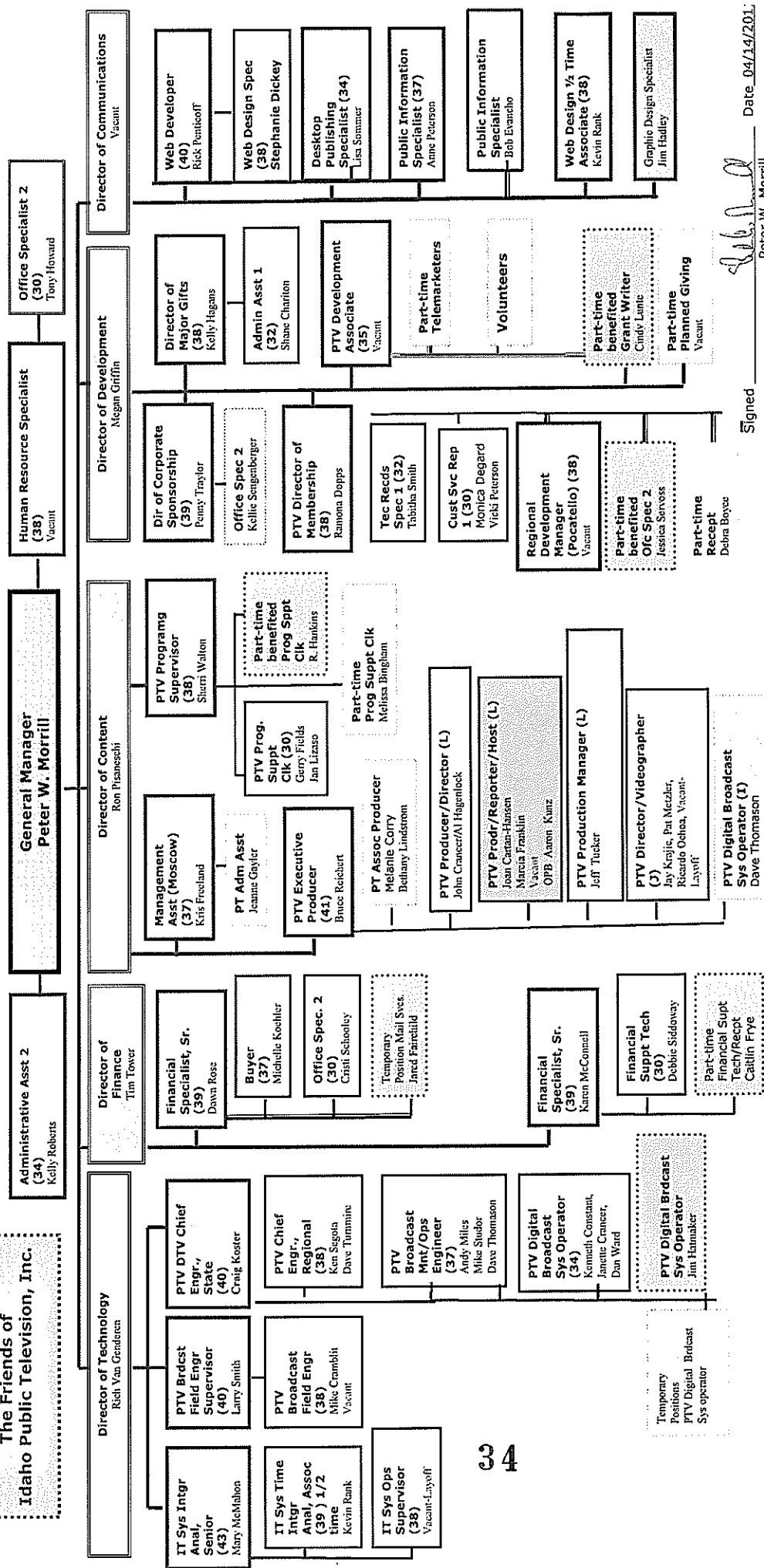
IDAHO PUBLIC TELEVISION ORGANIZATION CHART

April 19, 2011

**The Friends of
Idaho Public Television, Inc.**

Total

- 53 Full-Time employees
- 58 part-time temporary employees
- 111 Total employees



Signed

Peter W. Morrill

Date 04/14/2017: